

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
EB-08 TRSE-00 OMB-01 EUR-12 EA-10 AID-05 COME-00
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R 270730Z JUL 78
FM AMEMBASSY SANA
TO SECSTATE WASHDC 5483
INFO /AMEMBASSY JIDDA 3768

C O N F I D E N T I A L SECTION 1 OF 2 SANA 3681

E.O. 11652: XGDS-4
TAGS: PEPR, PINT, YE
SUBJ: YAR MINISTER OF ECONOMY HAMDANI SPECULATES ON TREND AND
GOALS OF SALIH ADMINISTRATION

1. DURING HOUR-LONG MEETING WITH CHARGE AND ECONOFF ON JULY 26, AHMED HAMDANI REVIEWED HIS IMPRESSIONS OF PRESIDENT ALI ABDALLAH SALIH AND WHAT SOME OF THE MAJOR POLICIES THE NEW ADMINISTRATION IS LIKELY TO PURSUE. HE DOES NOT FORESEE OPEN WARFARE WITH PDRY, SAID HAMDANI, AND THINKS SALIH WISHES TO AVOID THAT. HE MADE CLEAR, HOWEVER, THAT SALIH (AND HAMDANI, TOO) ARE SEIZED WITH THE IDEA OF STRIKING BACK, WITH KEEPING THE SOUTH OFF BALANCE AND ITS FORCES TIED DOWN, WITH SOWING CONFUSION THROUGH INCREASED PROPAGANDA AND PERHAPS OCCASIONAL TERRORISM. IN SHORT, HE INTIMATED, SALIH WANTS A CLASSIC GUERRILLA SITUATION TO DEVELOP.

2. CHARGE WENT THROUGH THE CHANGES OF U.S. OUTLOOK FOR YEMEN, CITING NEED FOR STRONGER DEFENSIVE CAPABILITY, PREREQUISITE OF HEALTHY ECONOMIC DEVELOPMENT IN YAR, AND REAL REFORM OF YARG MILITARY WITH SAUDI AND U.S. ASSISTANCE. HAMDANI AGREED WITH ALL THIS, SAID SALIH ALSO SAW SOME NEEDS, AND WAS DETERMINED TO MAKE REAL IMPROVEMENT IN
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YEMEN. AS EXAMPLE, HE NOTED, SALIH WISHES TO "BREAK AWAY" FROM OLD COTERIE OF ADVISERS, BOTH CIVILIAN AND MILITARY, WHO HAVE SO STRONGLY INFLUENCED PAST TWO PRESIDENTS. SALIH STILL TALKS WITH MANY OF THESE MEN, HAMDANI SAID, BUT DOES NOT ALWAYS BELIEVE OR TRUST THEM. PRESSED BY CHARGE FOR NAMES, AND WHETHER PRIME MINISTER ABDAL AZIZ AMONG THOSE NO LONGER CHERISHED, HAMDANI GREW

RETICENT, AND SAID HE WOULD NOT NAME INDIVIDUALS. HE DID NOT DEMUR AT MENTION OF PM'S NAME, HOWEVER, AND QUICKLY ADDED THAT EMBASSY KNEW WHO WAS MEANT.

3. SALIH "IS MORE DARING THAN GHASHMI," SAID HAMDANI, AND WILL MOVE MORE DECISIVELY TO REPLACE MINISTERS. FIRST WOULD BE MININT YUSUFI, WHOSE DISMISSAL WOULD BE ANNOUNCED TODAY. RATIONALE WOULD BE EMBARRASSING TERRORIST/SABOTAGE INCIDENT IN JIDDA PERPETRATED BY SOUTH YEMENIS WHO WERE APPREHENDED WITH VALID YARG PASSPORTS ISSUED APPARENTLY ROUTINELY BY YUSUFI'S MINISTRY. SALIH INTENDED REPLACE YUSUFI BY SALIH RELATIVE, LT. COL. ALI AL-AKHWA. SALIH WAS RIGHT, SAID HAMDANI, TO CHOSE HIS OWN PEOPLE AND HE WANTS TO "SHAKE THINGS UP, TOO." PASSPORT INCIDENT JUST PROVIDES PRETEXT TO BEGIN. (COMMENT: WE HAVE YET TO LEARN OF THIS SAUDI INCIDENT AND ARE SKEPTICAL ABOUT YUSUFI'S POLITICAL DEMISE. HIS TIES WITH SAUDIS ARE VERY STRONG, AND UNTIL WE SEE PROOF, WE SUSPECT THIS IS JUST ANOTHER CASE OF HAMDANI EITHER BEING WRONG ON HIS FACTS OR HIS INTERPRETATION. END COMMENT.)

4. IN CONTEXT OF OUTLINING BOTH HIS AND SALIH'S DETERMINATION TO GET YARG MINISTRIES FUNCTIONING MORE EFFICIENTLY, HAMDANI DESCRIBED AT LENGTH (AND WITH GROWING RELISH) THE VERBAL CUFFINGS HE HAD RECENTLY GIVEN NORTH KOREAN DELEGATION OF "ENGINEERS," AND SOVIET COMMERCIAL ATTACHE. AS CONFIDENTIAL

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HAMDANI RECALLED IT, HE TOLD KOREANS TO EITHER PRODUCE AN AUTOMOTIVE GARAGE THAT REALLY OPERATES AT A PROFIT BY SEPTEMBER, OR GET OUT OF YEMEN. SOVIET WAS TOLD HE MUST EITHER PRODUCE EQUIPMENT YARG HAD ALREADY PAID FOR, OR RETURN MONEY. HE WOULD SEE SOVIET AGAIN TODAY, HAMDANI SAID, AND GET REAL FACTS ON HOW MANY SOVIETS WERE ACTUALLY IN BAJIL CEMENT PLANT AND WHAT THEY WERE DOING. HE SAID HE HAD ORDERS FROM SALIH TO GET SOVIETS TO MOVE AHEAD ON LONG-AGREED EXPANSION OF PLANT AS TEST THEIR GOOD INTENTIONS. HE SAID HE THOUGHT GOING AHEAD WAS "A MISTAKE" BUT HE INTENDED PUSH THEM HARD, INCLUDING SUGGESTING THEY BUY SOME U.S. EQUIPMENT.

5. COMMENT: YEMEN PROBABLY HAS WORLD RECORD FOR MOST AMERICAN CITIZENS EMPLOYED AS CABINET MINISTERS, BUT WE ARE NOT SURE IT HAS A PRIZE HERE. AS A FORMER STATE GOVERNMENT EMPLOYEE, HAMDANI HAS OBVIOUSLY ABSORBED SOME CONCEPTS OF MODERN ADMINISTRATIVE THEORY. BUT HE SEEMS TO BE MORE FOCUSED ON THE NEED FOR THE PROCESS OF ADMINISTRATIVE REFORM, RATHER THAN TO POSSESS ANY CLEAR IDEA OF WHAT REFORM SHOULD PRODUCE, AND WHAT LONG-TERM GOALS OF HIS MINISTRY AND NEW GOVERNMENT SHOULD BE. HAMDANI

EVIDENTLY HAS EAR OF SALIH, BUT WHAT THAT IS WORTH WE CAN'T SAY AT THIS TIME. HE STILL CUTS NO WIDE SWATH IN EVEN HIS OWN ECONOMIC REALM. HE ADMITTED FREELY THAT HE HAD HAD VERY LITTLE TO DO WITH NEW BUDGET WHICH FINANCE MINISTER JUNAYD PRESENTED YESTERDAY TO THE CONSTITUENT ASSEMBLY.

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6. BUT HAMDANI SEEMS TO BE MOVING AHEAD ON AT LEAST SOME FRONTS, AND EXUDES THE CONFIDENCE OF A MAN WHO SEES BETTER TIMES COMING. HE OPENED MEETING BY SAYING HIS MINISTRY WAS READY TO RECEIVE FINAL BIDS FROM COMPANIES ON AMRAN CEMENT PLANT, AND WAS ALSO ABOUT TO FINALLY ACHIEVE SOME ACTION ON LONG-DELAYED HOUSING PROGRAM OF 2500 UNITS. HE TALKED FREELY OF THE NEED AND LIKELIHOOD OF FUTURE CABINET CHANGES, WITH CLEAR INFERENCE BEING THAT HAMDANI'S POSITION WOULD NOT CHANGE FOR WORST. IF MEN LIKE FINMIN JUNAYD, AND PUBLIC WORKS HEAD KURSHUMI SHOULD BE SACKED, PATH FOR AHMED HAMDANI TO ROLE OF CHIEF ECONOMIC ADVISER TO PRESIDENT WOULD, MIRABILE DICTU, BE OPEN.

7. SINCE HAMDANI, AS U.S. CITIZEN CAN PRESUMABLY ASK TO SEE THIS MESSAGE UNDER FREEDOM OF INFORMATION ACT, DEPARTMENT IS REQUESTED TO EXEMPT IT FROM AUTOMATIC DECLASSIFICATION.
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